

Stock Code: 000100

Stock Name: TCL Tech.

Announcement No. 2020-114

TCL 科技集团股份有限公司

TCL Technology Group Corporation



创意感动生活
The Creative Life

INTERIM REPORT 2020 (SUMMARY)

29 August 2020

Ramp up, Catch up and Go all out to be A Global Leader

Chairman's Message

Dear shareholders, customers and partners,

In the first half of 2020, the global political and economic landscape constantly underwent major changes. Affected by the global COVID-19 epidemic, China's economic development faced greater challenges and risks. Enterprises were also inevitably affected, which would accelerate industrial transformation, upgrading and restructuring. To address the challenges, the government introduced the policy that "domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement", and strengthened economic vitality by tax reduction and liquidity management. Meanwhile, it vigorously supported industrial development, expedited the improvement of key technology, and enhanced the competitiveness of the manufacturing industry. All of these were conducive to the business development of the Group.

Seeking opportunities from the crisis, the Company kept transforming and innovating. It achieved revenue growth in all the sectors by maximizing cost efficiency as well as improving quality and profitability. In the first half of 2020, TCL Tech. recorded revenue of RMB29.33 billion, up by 12.3% year-on-year on the same basis, and a net profit attributable to the listed company's shareholders of RMB1.21 billion, down by 42.3% year-on-year. Excluding the effect of the gain from the spin-off, the net profit attributable to the listed company's shareholders increased by 7.6% year-on-year on the same basis.

The semi-conductor display business is still at the bottom of the cycle. Although it has stabilized and recovered, the prices of main products in the current period are still lower than those in the same period of last year. TCL CSOT exerted its superb management capabilities by constantly optimizing its products and customer structures. As a result, the large-size panel business achieved profit, while the small- and medium-size panel business improved significantly. In the first half of 2020, TCL CSOT reported a revenue of RMB19.51 billion (up by 19.9% year-on-year), a deficit of RMB133 million, and a net profit attributable to the parent company of RMB24 million.

Specifically, the net profit in the second quarter increased by RMB215 million from the first quarter. The supply and demand would gradually balance as the market recovers, resulting in a rebound of semi-conductor display industry. In the third quarter, prices of products are expected to rise at a faster pace. Profitability of TCL CSOT in the second half of the year will continue to improve.

With technological innovation as the driving force, the Company has a further investment in the display technology of intelligent and digital manufacturing to develop strategically integrated technologies and products, aiming at establishing a leading layout of next-generation display technologies, materials and processes. During the Reporting Period, the Company invested RMB2.88 billion in R&D, up by 28.9% year-on-year on the same basis. It established a joint laboratory with San'an Optoelectronics to research a process solution for the mass production of Micro-LED displays. It also acquired a strategic stake in JOLED Inc. of Japan to jointly promote the industrial production of large-size inkjet-printing OLED displays. The PCT applications of the Company increased by 838 and the accumulated PCT applications reached 12,113.

Given the competitive advantages of TCL CSOT, the Group will seize opportunities to further expand and develop itself through mergers and acquisitions, so as to secure its global leadership in the semi-conductor display business.

The industrial finance business of TCL developed steadily. It fulfilled the funding needs of the Company's key projects at a low cost, actively managed the industrial liquidity and global currency risks, and gradually built its capacity of global asset allocation. TCL Capital proactively made arrangements regarding new materials and technologies, established an ecological chain, and fostered new industries. Meanwhile, it acted a role in the sustainable and healthy development of the Company by achieving a favourable investment return.

To develop new driving forces for the long-term growth, the Company entered new markets in the capital- and technology-intensive strategic industries by taking its advantages of technology, management and capital. The Company acquired 100% equity of Tianjin Zhonghuan Electronics Group Co., Ltd., whose main asset was the controlling stake in "Tianjin Zhonghuan Semiconductor Co., Ltd." (stock code: 002129.SZ). The core business of "Zhonghuan Semiconductor" was semi-conductor silicon-wafer & photovoltaic silicon-wafer and its modules. The Company believes that the enterprise has a promising future with great potentials to lead the globe in the

semi-conductor and photovoltaic business. As the core and basic component of integrated circuits, the semi-conductor silicon-wafer is in line with China's integrated circuit development strategy. The management and operation of Zhonghuan Electronics is similar to that of the Company, so the two can fully coordinate with and empower each other in terms of industrial chain, globalization as well as management systems, thus accelerating their respective business development. The acquisition also included a controlling stake in "Tianjin Printronics Circuit Corp." (stock code: 002134.SZ) and its other assets, which would inject new momentum into the Company's growth.

Looking ahead to the second half of 2020, enterprise development has reached another critical phase along with the breakout of global epidemic, the risk of China-US. trade war and increasing uncertainties of the world economy. However, we firmly believe that enterprises with competitive strength can always adjust quickly in every crisis, take the initiative to change, seize opportunities, and develop new capabilities.

In the second half of 2020, TCL CSOT will continue to promote the expansion of Phase II and Phase III of t4 plant (G6-OLED) and the construction of t7 plant (G11-LCD), enhance the competitiveness of the small- and medium-size panel business such as LTPS and flexible OLED, and develop new display technologies and materials. TCL CSOT will complete the acquisition of 60% equity of Samsung Electronics Suzhou LCD Co., Ltd. from Samsung Display (TCL CSOT and Suzhou Industrial Park hold the remaining 10% and 30% equity, respectively) and 100% equity of Samsung Display Suzhou Co., Ltd. The core business of these two plants are the production of G8.5 TFT-LCD panel (with a production capacity of 120K/month) and modules (with a production capacity of 3.5M/month), respectively. The acquisition will promote TCL CSOT to further optimize its industrial layout and product mix as well as the manufacturing and supply chain system, and enhance the competitiveness of the Company's large-size display business to achieve comprehensive leadership in products, technologies, efficiency, manufacturing, and industrial ecology construction.

The Company will further support and coordinate the semi-conductor and new energy business, fully release the vitality of internal organizations with mechanisms, and improve its core capabilities, so as to accomplish various tasks as planned and speed up the implementation of Zhonghuan Semiconductor's globalization strategy.

The industrial finance business of TCL will support the semi-conductor display from various aspects by constantly optimizing asset allocation. It will also boost the Company's operational efficiency and control the global operation risks. Meanwhile, TCL Capital will focus on investment of industrial chain and other high-tech industries to promote the competitiveness of its industrial ecology.

The Company has established an optimistic operational budget this year. Despite the short-term effect brought by COVID-19 epidemic on operational results, the Company still has confidence to overcome difficulties and challenges to achieve the annual business objectives under great uncertainty of global economy in the second half of 2020. TCL Tech., in pursuit of the substantive development, will enhance the core competitiveness of China's manufacturing industry and concentrate all resources and efforts to stride toward a global leadership.



Li Dongsheng
29 August 2020

Part I Important Notes

This Summary is based on the full text of the 2020 Interim Report of TCL Technology Group Corporation (together with its consolidated subsidiaries, the “Group” or “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

Board-approved interim cash and/or stock dividend plan for preference shareholders:

Applicable Not applicable

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Part II Key Corporate Information

1. Stock Profile

Stock name	TCL Tech.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Contact information	Board Secretary		
Name	Liao Qian		
Office address	19/F, Tower B, TCL Building, Gaoxin South First Road, Shenzhen High-Tech Industrial Park, Shenzhen, Guangdong Province, China		
Tel.	0755-3331 1666		
Email address	ir@tcl.com		

2. Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

Unit: RMB

Serial No.	Item	H1 2020	H1 2019	Change (%)
1	Revenue (RMB) ^{Note}	29,333,210,856	43,781,613,735	-33.00
	Revenue on the same basis after the spin-off (RMB) ^{Note}	29,333,210,856	26,119,468,731	12.30
2	EBITDA (RMB)	6,143,106,318	8,436,689,169	-27.19
3	Net profit attributable to the listed company's shareholders (RMB) ^{Note}	1,208,065,986	2,092,348,692	-42.26
	Net profit attributable to the listed company's shareholders before non-recurring gains and losses (RMB)	181,862,847	250,467,130	-27.39
4	Basic earnings per share (RMB/share)	0.0932	0.1569	-40.60
	Diluted earnings per share (RMB/share)	0.0893	0.1544	-42.16
5	Weighted average return on equity (%)	4.11	7.17	-3.06
6	Net cash generated from/used in operating activities (RMB)	7,347,810,779	6,150,821,822	19.46
	Net cash per share generated from/used in operating activities (RMB/share)	0.5431	0.4539	19.65
		30 June 2020	31 December 2019	Change (%)
7	Total assets (RMB)	184,833,234,677	164,844,884,926	12.13
8	Total owners' equity (RMB)	64,891,825,753	63,883,145,340	1.58
	Owners' equity attributable to the listed company's shareholders (RMB)	30,027,342,791	30,111,946,237	-0.28
9	Share capital (share)	13,528,438,719	13,528,438,719	0.00
10	Equity per share attributable to the listed company's shareholders (RMB/share)	2.2196	2.2258	-0.28

Note: In April 2019, the Company completed the handover of assets in a significant spin-off. Therefore, the H1 2019 data included the results of the spun-off assets for January-March 2019 and a gain of RMB1.15 billion on the spin-off. Provided that the H1 2019 data were on the same basis after the spin-off, revenue would be up by 12.3% year-on-year. In 2020, the Company continued to focus on its core business and maximize shareholder value by spinning off the Educational Web business, which generated a gain of RMB234 million. Provided that the spin-off gains were excluded from both of the H1 2020 and H1 2019 data, the net profit attributable to the listed company's shareholders would be up by 7.6% year-on-year on the same basis.

3. Shareholders and Their Holdings as at the end of the Reporting Period

Unit: share

Number of ordinary shareholders at the period-end		522,933		Number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)		0		
5% or greater ordinary shareholders or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total ordinary shares held at the period-end	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge or frozen	
							Status	Shares

Li Dongsheng and his acting-in-concert party	Domestic natural person/general legal person	8.56	1,158,599,393	-63,148,616	610,181,602	548,417,791	Put in pledge by Li Dongsheng	275,000,000
							Put in pledge by Jiutian Liancheng	344,899,521
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.49	743,139,840	-135,279,907	-	743,139,840	-	-
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.19	431,613,255	78,123,401	-	431,613,255	-	-
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic general legal person	3.08	417,344,415	-108,751,227	-	417,344,415	-	-
China Securities Finance Corporation Limited	Domestic general legal person	2.76	373,231,553	-	-	373,231,553	-	-
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.53	206,456,500	-	-	206,456,500	-	-
National Social Security Fund-Portfolio 601	Fund, wealth management product, etc.	0.95	128,080,487	75,080,487	-	128,080,487	-	-
Perseverance Asset Management L.L.P. — Perseverance Linshan Yuanwang Fund No. 1	Fund, wealth management product, etc.	0.74	100,000,000	40,000,000	-	100,000,000	-	-
Industrial and Commercial Bank of China — E Fund Research Selected Stock Fund	Fund, wealth management product, etc.	0.73	99,184,547	99,184,547	-	99,184,547	-	-
Star Century Enterprises Limited	Foreign legal person	0.67	90,532,347	-	90,532,347	-	-	-
Related or acting-in-concert parties among the shareholders above	Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Jiutian Liancheng”) are the biggest shareholder of the Company with a total of 1,158.5994 million shares. As certain partners of Jiutian Liancheng have quit from the company and as requested by these partners, the meeting of partners of Jiutian Liancheng has resolved to reduce shareholdings in the Company corresponding to the shares of these partners in the partnership. And these partners would withdraw from the partnership. On 27 February 2020, Jiutian Liancheng reduced its holdings of 63.876 million shares, accounting for 0.5% of the Company’s total share capital, through bulk trading. This shareholding reduction is in compliance with the Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors and Senior Management of the Listed Company. With confidence in the future development of the Company, Mr. Li Dongsheng and the incumbent senior management of the Company do not reduce their direct or indirect shareholdings in the Company. On 28 April 2020, They have also undertaken not to reduce their shareholdings in the Company during the period, from							

	the date when announced the resolutions of the first Board meeting, which convened to review the plan that acquire the 39.95% interest held by Wuhan Optics Valley Industrial Investment Co., Ltd. in Wuhan China Star Optoelectronics Technology Co., Ltd. through share offering, convertible corporate bonds offering and cash payment and raise the matching funds (hereinafter referred to as the "Transaction"), to the date of the completion/termination of the Transaction.
Shareholders involved in securities margin trading (if any)	None

4. Change of the Controlling Shareholder or the Actual Controller

Applicable Not applicable

5. Number of Preference Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preference shareholders in the Reporting Period.

6. Corporate Bonds

(1) Bond Profile

Bond name	Abbr.	Bond code	Value date	Maturity	Outstanding balance (RMB'0,000)	Coupon rate	Way of principal repayment and interest payment
TCL Corporation's Corporate Bonds Publicly Offered in 2016 to Qualified Investors (Tranche 1) (Type 2)	16TCL02	112353	16 March 2016	16 March 2021	150,000	3.56%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2016 to Qualified Investors (Tranche 2)	16TCL03	112409	7 July 2016	7 July 2021	200,000	3.50%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1)	17TCL01	112518	19 April 2017	19 April 2022	100,000	3.40%	Interest payable annually and principal repayable in full upon maturity

TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2)	17TCL02	112542	7 July 2017	7 July 2022	300,000	4.93%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1)	18TCL01	112717	6 June 2018	6 June 2023	100,000	5.48%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)	18TCL02	112747	20 August 2018	20 August 2023	200,000	5.30%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905	20 May 2019	20 May 2024	100,000	4.33%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	23 July 2019	23 July 2024	100,000	4.30%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	21 October 2019	21 October 2024	200,000	4.20%	Interest payable annually and principal repayable in full upon maturity
TCL Technology Group Corporation's Short-Term Corporate Bonds Publicly Offered in 2020 to Professional	20TCLD1	149140	8 June 2020	5 December 2020	100,000	2.50%	Principal repayable in full upon maturity with interest

Investors (Tranche 1)							
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(2) Relevant Financial Information as at the End of the Reporting Period

Item	30 June 2020	31 December 2019	Change (%)
Current ratio	1.13	1.12	0.94%
Debt/asset ratio (%)	64.89	61.25	3.64
Quick ratio	0.87	0.85	2.25%
	H1 2020	H1 2019	Change (%)
EBITDA-to-interest cover (times)	3.93	5.66	-30.57%
Debt repayment ratio (%)	100	100	0.00
Interest payment ratio (%)	100	100	0.00

Part III Management Discussion and Analysis

1. Business Overview for the Reporting Period

I Overview

International political and economic environment has become more complex and volatile this year. The COVID-19 epidemic has further aggravated the anti-globalization sentiment, resulting in increasing obstacles to foreign trade and technological cooperation. The cyclical recovery of the semi-conductor display sector has been disturbed under the new phase of the global economy. In the face of such crises, the Company adheres to its solid and steady strategy, which is to build an emerging high-tech business group with global competitiveness, and concentrates on high-tech industries by maximizing efficiency.

In the first half of 2020, on the same basis after the spin-off, the Company recorded revenue of RMB29.33 billion, up by 12.3% year-on-year, and a net profit attributable to the listed company's shareholders of RMB1.21 billion, down by 42.3% year-on year. Excluding the gain from the spin-off, the net profit attributable to the listed company's shareholders increased by 7.6% year-on-year on the same basis. **Specifically, the net profit attributable to the listed company's shareholders was RMB0.8 billion in the second quarter, up by 96% from the first quarter.**

During the Reporting Period, the semi-conductor display sector remained at the bottom of the industrial cycle. Under the negative impact on logistics and work resumption caused by the epidemic, **the Company has maintained a relatively leading advantage in efficiency and benefit**

by promoting refined management. TCL CSOT reported a revenue of RMB19.51 billion, up by 19.9% year-on-year; a net loss of RMB133 million, down by RMB1,152 million year-on-year (in the second quarter, there was an improvement of RMB215 million from the first quarter); and a net profit attributable to the parent company of RMB24 million. The Company has a further investment in R&D and intelligent manufacturing, aiming to develop strategically integrated technologies and products. During the Reporting Period, the Company's R&D investment reached RMB2.88 billion, up by 28.9% year-on-year on the same basis. Meanwhile, the industrial finance, venture capital and other businesses sector recorded a net profit of RMB1.2 billion, stabilizing the Company's profitability during the industry downturn. The expansion of the global semi-conductor display production is coming to the concluding phase, which leads to a reconstruction of the industry. Given the prices of display pannel in major sizes began to recover in July, the Company would improve its performance in the second half of the year.

The Company's semi-conductor display sector achieved a globally leading scale. During the Reporting Period, the t1, t2, and t6 production lines of TCL CSOT maintained at full capacity and ranked second globally in terms of the TV panel market share. The market share of 55-inch TV panel ranked the 1st in the world, while its 65-inch TV panel ranked the 2nd. Although the small- and medium-size panel plants located in Wuhan, thanks to the well management of supply chain, the LTPS panel of the t3 production line operated at full capacity, and the high-end, new-form product of the t4 flexible AMOLED production line was rapidly improved. Cooperation with global leading brand customers was constantly deepened. Additionally, steady progress was made in t7 project construction.

In the meantime, TCL CSOT seized the opportunity of industrial restructuring to consolidate its leading position in display panels through internal development and external M&A. With the release of production capacity of t4 and t7 and the integration of Suzhou Samsung's production line, by 2023, the compound annual growth rate of TCL CSOT's capacity will reach 18.8%. Given the rapid scale growth and the improvement of industry, TCL CSOT will enter a dual-driven development stage.

Leading Technology is always the Company's main driving force. As 5G technology develops, the demand for large-size, 8K, Touch and other display products grows rapidly. With the promotion of mobile Internet, requirements for the quality of electronics consumption keeps raising, and the demand for distance education, online shopping and social entertainment increases. The Company actively deepened cooperation with strategic suppliers and launched "smart screen", "wisdom screen" and other interactive products. Together with the partners of the industrial chain, the

Company promoted high-end display demand such as 8K/120Hz and built an IoT ecology of multiple scenarios.

During the Reporting Period, the Company focused on the layout of the next-generation display technologies and ecology. TCL CSOT established a joint laboratory with San'an Optoelectronics to develop Micro-LED display technology and formed a solution for commercial production of Micro-LED displays. The Company also invested in JOLED Inc. to accelerate the application of inkjet printing technology and to lead the construction of a global new display industrial ecology covering upstream equipment, materials and devices. TCL CSOT will promote the development of Micro-LED and printed OLED displays and develop the independent intellectual property rights of the new display technology field from materials, processes, equipments and production line solutions, so as to lead the future display technologies.

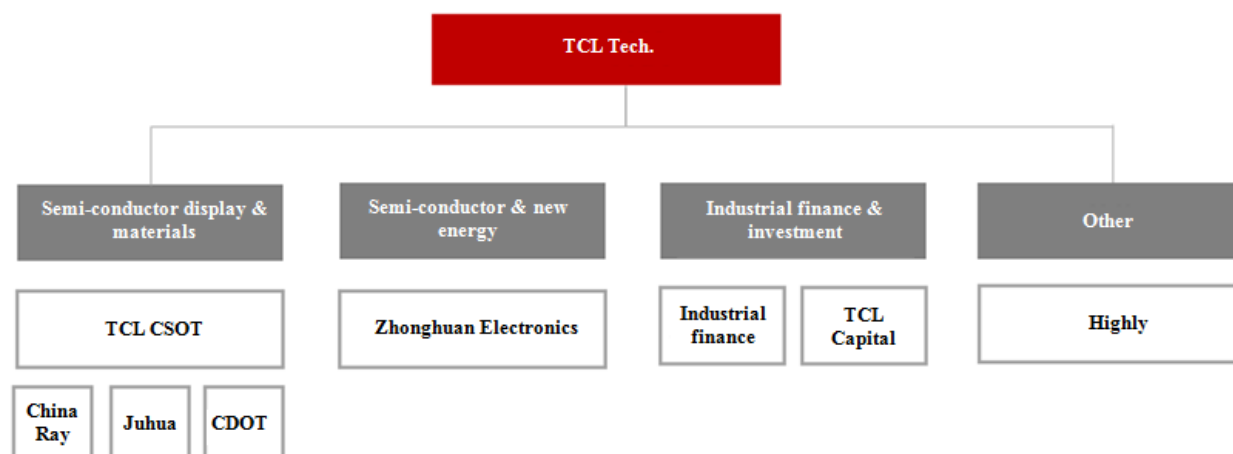
The COVID-19 epidemic not only caused a crisis with considerable difficulties for global public security, but also increased the uncertainty of the global economy. Looking ahead, we will make preparations for the new development pattern of "dual circulation" . As the foundation of the electronic information industry, semi-conductor and semi-conductor display are strategic industries related to the overall development of national economy and society. At present, the historic relocation of global semi-conductor industry has already emerged, speeding up the industrial restructuring.

With an innovative and disruptive thinking, the Company will keep improving management to grow into a global leader. The Company will transform and upgrade itself from lean production to advanced manufacturing that features intelligent and digital production. It will also introduce IPD and LTC to optimize process and improve the organizational capabilities as well as the talent pool. The Company will continue to promote the vertical extension and horizontal integration of the semi-conductor display business. In addition, it will empower China's semi-conductor and new energy industries, which are rising at an accelerated pace, with industrial integration experience and global layout capabilities accumulated over the past 30 years. In high-tech, heavy-asset and long-cycle fields, the Company will continuously consolidate the foundation to secure a world-leading position, and constantly accumulate core assets in tech field.

II Core Business Review

During the Reporting Period, the principal business structure of TCL Tech. still consisted of the following three segments: the semi-conductor display and materials business, the industrial finance

& investment business and the other businesses. The Company acquired 100% equity of Tianjin Zhonghuan Electronics Group Co., Ltd. After the Ownership transaction, the business structure of Company is planned to be adjusted as follows:



(I) Semi-conductor Display and Materials Business

In the first half of 2020, the sudden COVID-19 epidemic hit the semi-conductor display sector badly. The consumer demand was temporarily suppressed, the cyclical recovery of the semi-conductor display sector was delayed, and the panel prices fluctuated at the historical bottom. In the face of the severe external challenges, **TCL CSOT adhered to its strategic focus and strove for survival through maximizing cost efficiency, thus maintaining its industry-leading operational efficiency and benefit.** During the Reporting Period, TCL CSOT recorded product sales area of 14.2 million square meters, up by 47.9% year-on-year; revenue of RMB19.51 billion, up by 19.9% year-on-year; and EBITDA of RMB4.63 billion, basically unchanged compared with the same period of last year. Affected by the historically low prices of display panels and the one-time expenditure brought about by the upgrade of epidemic prevention and control measures, TCL CSOT had a deficit of RMB133 million during the Reporting Period. Specifically, the net profit in the second quarter increased by RMB215 million from the first quarter, and the net profit of the large-size panel business in the second quarter increased by RMB110 million from the first quarter. TCL CSOT's profitability maintained a leading position in the industry.

Scale advantage was further enhanced, and supply chain control and manufacturing capabilities were improved. The t1, t2, and t6 production lines operated at full capacity for strong sales, achieving large-size panel sales area of 13.67 million square meters, up by 52.9% year-on-year, along with revenue of RMB12.16 billion, up by 32.3% year-on-year. In the meantime,

equipment was moved into the t7 production line as planned. It is expected that mass production will start in early 2021. In Huizhou, the high-generation module factory operated with a monthly production capacity of more than 4 million pieces, and the Phase II construction of a smart factory that mainly produces super-large panels of 8K and 80 inches or above was promoted. Mass production can be expected by the end of 2020.

As for the small- and medium-size panel business, such impact as material shortages and work resumption delay during the epidemic was overcome, which guaranteed safe production continuously. The panel section of the t3 production line operated at full capacity, and the production capacity of the module section returned to normal in the second quarter. Moreover, the Phase I production capacity and yield rate of the t4 flexible AMOLED production line were improved as scheduled, products for brand manufacturers were mass produced and delivered, and the construction of Phase II and Phase III was accelerated. The small- and medium-size panel business recognized sales area of 0.53 million square meters, down by 19% year-on-year; and revenue of RMB7.35 billion (including CDOT), up by 3.80% year-on-year.

Product and customer structures kept improving, while super-large TV, commercial display and high-end notebook computer businesses grew rapidly. The G11 production line t6 of TCL CSOT operated at full capacity, driving the continued rapid growth of the large-size panel business. The shipping area of 55-inch and larger-size products accounted for more than 70%. Specifically, the TV panel market share rose to 2nd in the world rankings: the market share of 55-inch panels ranked the 1st in the world, that of 65-inch panels ranked the 2nd, and that of 75-inch panels also ranked the 2nd. Commercial display business grew rapidly in the field of high-end gaming monitors and interactive whiteboards. The shipment of 86-inch interactive whiteboards ranked 2nd in the world. In the small- and medium-size panel business, the shipment of LTPS smart phone panels ranked the 3rd in the world; LTPS notebook computer panels were sold to a number of international brand customers, and the annual shipment was expected to become the world's 2nd; flexible AMOLED smart phone panels were stably supplied to brand customers for their flagship products, and the shipment surged to the 4th place in the world.

With technological innovation as the main driving force, product competitiveness was continuously enhanced, the layout in the field of new display technologies and materials was improved, and a technological and ecological leadership advantage was formed. TCL CSOT

constantly consolidated the application advantages of HVA technology in large-size LCD high-end products, improved the shares of such high-end products as 8K/120Hz, and accelerated the mass production of MLED product based on Mini-LED on Glass. In the LTPS application field, it increased the proportion of Incell/COF/blind via product, and strengthened the development of mass production technology for under-display/in-display fingerprint sensors to products with LCD screens. For flexible AMOLED displays, the focus was placed on under-display shooting, folding, LTPO and other special technologies. The yield rate ramp-up of foldable screens and double-curved perforated screens was successful, and the product performance met the demand of brand customers.

TCL CSOT attaches great importance to the technological development of the next-generation new display field. It has been investing in new display technologies such as printed OLED/QLED and Micro-LED. During the Reporting Period, TCL CSOT and San'an Semiconductor jointly invested in the establishment of a laboratory. Focusing on the development of Micro-LED technology, the two aim to promote the Company's ecological layout in the field from materials, processes, equipment and production line solutions to independent intellectual property rights.

Guangdong Juhua subordinate to the Company, as the only "National Printed and Flexible Display Innovation Center" of the industry, focuses on the basic, key technology development and industrial applications of printed display processes. China Ray develops new OLED key materials with independent IP. Optical overlay (CPL) materials have been mass-produced and shipped, and the performance of red and green light-emitting materials for printed OLED has been greatly improved. Furthermore, breakthroughs have been made in key problems such as the lifetime of red and green materials for QLED materials. The number of public patents in quantum dot electroluminescent field ranks the 2nd in the world. In order to accelerate the industrialization process of printed display technologies, TCL CSOT acquired a strategic stake in JOLED Inc. Through joint R&D, patent cooperation, etc., the two will speed up the industrial mass production of printed OLED displays from all aspects including materials, equipments, processes and products, and will improve the Company's ecology construction in the key processes of the printed display industrial chain, with a view to leading the future technological development trend.

Looking ahead to the second half of 2020, the impact of the epidemic will gradually weaken. With the approach of the sales season, downstream customers will actively stock up, panel prices will rebound, and industry operating profit will be improved. In the long run, the trend of steady growth in demand will remain unchanged, the exit of the industry's inefficient production capacity will

accelerate, the restructuring and integration of the industry will speed up, and the industrial concentration will further increase. The long-term development prospects are bright.

TCL CSOT will grasp the opportunity of industry integration to expand its scale and enrich its product portfolio; continue to leverage the business synergy advantage, accelerate the progress of localization, and make breakthroughs in cost reduction. In addition, it will expedite the development of future-oriented capabilities, promote the IPD/LTC process system reform, improve digital-related capabilities and intelligent manufacturing quality, and make its utmost efforts to achieve technology leadership and ecology leadership by improving efficiency and product mix.

(II) Industrial Finance and Investment Business

TCL's industrial finance business mainly includes the Group's finance and the supply chain finance. In the first half of 2020, affected by the COVID-19, the finance team focused on the funding needs of the Group's key projects, and strengthened the active management of liquidity and currency risk. The supply chain finance business took full advantage of Internet platform, and jointly with domestic financial institutions, continuously provided high quality and convenient receivables financing services for small and medium enterprise partners affected by the epidemic, realizing the sound development of the industrial ecosystem. In the second half, the industrial finance business will stick to the service concept of "partner finance", focus on real industrial needs, highlight the improvement of user experience, and constantly enrich and deepen service.

TCL Capital seek investment opportunities in key fields of technological industries, including new display technology, semi-conductor and their relevant industry chain, as well as high end materials and technological equipments that promote technology and create synergy. At the same time, investment value was generated. By the end of the Reporting Period, the scale of funds managed by TCL's venture capital business reached RMB8,989 million, and it invested in 121 projects cumulatively. Currently, it holds stocks of CATL, Dynanonic, Willsemi, Cambricon, DKEM, and other listed companies. Admiralty Harbour Capital obtained No. 6 license from HK SFC successfully during the Reporting Period and became an investment bank with full licenses. In the first half of 2020, it completed 9 bonds issuing and underwriting projects and 4 debt management projects. Its investment banking and asset management business developed healthily. China Innovative has invested in more than 110 listed companies cumulatively with steady growth in performance. It invested in mature companies related to the Company's businesses.

At the end of the Reporting Period, the Company invests in some listed companies directly, including a 19.07% interest in 712 Corp. (603712.SH), a 5.58% interest in Bank of Shanghai (601229.SH) and a 20.06% interest in Fantasia Holdings (01777.HK).

2. Matters Related to Financial Reporting

(1) Changes in Accounting Policies, Accounting Estimates or Measurement Methods Compared to the Last Accounting Period

The Company has adopted the Accounting Standard No. 14 for Business Enterprises-Revenue revised by the Ministry of Finance in 2017, since 1 January 2020.

As required by the new revenue standard, retained earnings and other relevant financial statement items at the beginning of the period when the new revenue standard was first adopted (1 January 2020) should be adjusted according to the cumulative effects arising from the first adoption of the new revenue standard, and data of the comparable periods should not be adjusted.

When executing the new revenue standard, the Company considered adjustments only for the cumulative effects in respect of the outstanding contracts on the date of the standard's first adoption; and did not make retrospective adjustments in respect of the changes that had occurred to contracts before the beginning of the earliest comparable period or before the beginning of 2020, but according to the final arrangements of the contract changes, identified the fulfilled and unfulfilled performance obligations, determined the transaction price and distributed the transaction price to the fulfilled and unfulfilled performance obligations. The effects of the adoption of the new revenue standard on the presentation of the balance sheet items as at the beginning of the current period are as follows:

Unit: RMB

Item	Carrying amount as per the former revenue standard	Effect of reclassification	Effect of remeasurement	Carrying amount as per the revised revenue standard
Advances from customers	141,748,956	-136,249,382		5,499,574
Contract liabilities		133,818,206		133,818,206
Other current liabilities	69,021,962	2,431,176		71,453,138

(2) Retrospective Restatements due to the Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases.

(3) Changes in the Scope of the Consolidated Financial Statements Compared to the Last Accounting Period

Compared with 2019, three subsidiaries (all newly incorporated) are newly included in and four subsidiaries (three transferred and one de-registered) are excluded from the consolidated financial statements of H1 2020.